



United States Senator
Richard Shelby
REPORTS TO ALABAMA



OLDER AMERICANS TAX FAIRNESS ACT

It might surprise you to know that your Social Security benefits are subject to tax. For half a century, the money that was taken from your paycheck and reserved for your retirement remained untouched by the tax collectors in Washington. That changed over the course of the last few years, and now taxes are collected from Senior Americans' Social Security benefits.

The tax on Social Security benefits is truly a case of overkill. Senior citizens are taxed when they earn their money, they are taxed when the government returns it in the form of Social Security benefits, and if they are smart enough to save it to give to their children or grandchildren, they will have to pay estate taxes before anyone sees a penny.

Many seniors need to work in order to pay for costly health insurance premiums, prescription drugs, and other expenses that they incur as they grow older. For these seniors, working is not a choice, it is a necessity. If we eliminate the tax on Social Security benefits, most seniors would have more disposable income to pay for many of these necessities. But rather than helping them, we hurt them by taxing their Social Security benefits, lowering their standard of living and decreasing the amount of disposable income they have available to them.

To right this wrong, I introduced legislation this week to repeal the social security tax. The "Older Americans Tax Fairness Act" will eliminate this unjust and unfair tax

by phasing out the tax over a period of six years.

The benefits of the bill would be evident to Alabama's seniors within the first year. The Older Americans Tax Fairness Act would immediately repeal the Social Security tax imposed on seniors by President Clinton in 1993. The remaining taxes would be phased out over the course of the next five years, and completely eliminated in tax year 2005. At this point, our seniors' Social Security benefits would once again be protected from taxation.

This legislation is long overdue. I believe all Americans should be able to keep more of what they earn. Protecting our seniors' Social Security benefits from this unfair tax is a good first step.

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